

**TOWN OF BOYCE, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED MAY 31, 2003**

**With Comparative Totals for May 31, 2002**

# **TABLE OF CONTENTS**

	<u>Page(s)</u>
Independent Auditors' Report .....	1-2
 <b><i>General Purpose Financial Statements</i></b>	
Combined Balance Sheet - All Fund Types and Account Groups .....	3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types .....	4
Statement of Revenues, Expenditures, and Changes in Fund Balances Budget (GAAP Basis) and Actual - General Fund.....	5
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type .....	6
Combined Statement of Cash Flows - Proprietary Fund Type.....	7
Notes to Financial Statements .....	8-20
 <b><i>Reports Required under Generally Accepted Governmental Auditing Standards</i></b>	
Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on An Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	21-22
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	23-24
Schedule of Expenditures of Federal Awards .....	25
Schedule of Findings and Questioned Costs .....	26
Management's Corrective Action Plan .....	27
Schedule of Prior Year Findings.....	28
 <b><i>Supplemental Data</i></b>	
General Fund	
Schedule of Expenditures - Budget (GAAP Basis) and Actual .....	29
Enterprise Funds	
Combining Balance Sheet .....	31
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings .....	32

**ROZIER, HARRINGTON & McKAY**  
CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE  
ALEXANDRIA, LOUISIANA 71301

JOHN S. ROZIER, IV, C.P.A.  
M. DALE HARRINGTON, C.P.A.  
MARK S. MCKAY, C.P.A.  
LEE W. WILLIS, C.P.A.  
STEVEN E. KIMBALL, C.P.A.

MAILING ADDRESS  
POST OFFICE BOX 12178  
ALEXANDRIA, LOUISIANA 71315-2178

TELEPHONE (318) 442-1608  
TELECOPIER (318) 487-2027

September 25, 2003

**INDEPENDENT AUDITORS' REPORT**

The Honorable Julius Patrick, Jr., Mayor  
and Members of the Board of Aldermen  
Town of Boyce, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Boyce, Louisiana as of May 31, 2003, and for the year then ended. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Boyce, Louisiana, as of May 31, 2003, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 25, 2003, on our consideration of the Town of Boyce, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table

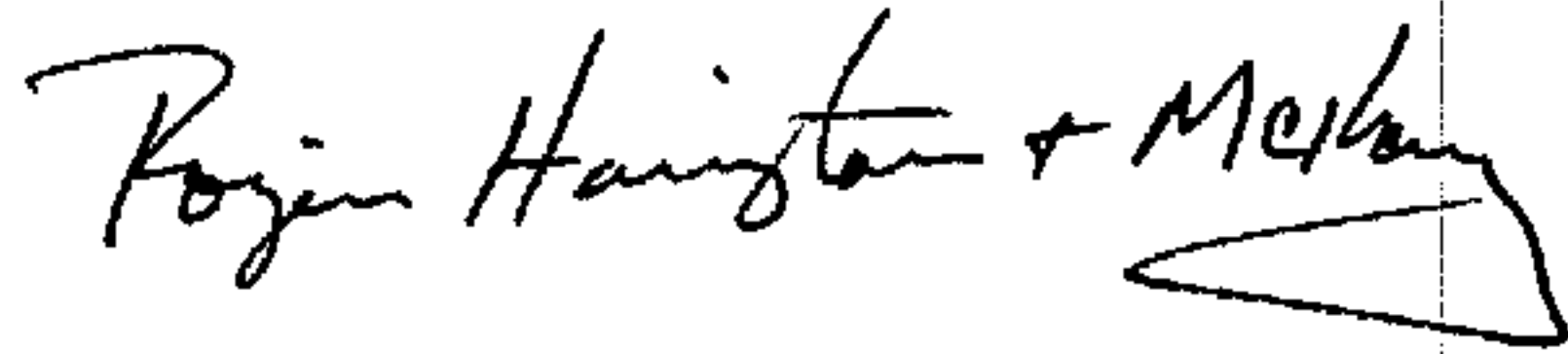
**-Members-**

**American Institute of Certified Public Accountants • Society of Louisiana CPAs**

*The Honorable Julius Patrick, Jr., Mayor  
and Members of the Board of Aldermen  
Town of Boyce*

---

of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Boyce, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in cursive script, reading "Rozier Harrington & McKay", with a stylized flourish at the end.

ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

**TOWN OF BOYCE, LOUISIANA**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
May 31, 2003  
**With Comparative Totals for May 31, 2002**

	Governmental Funds		Proprietary Funds	Fiduciary Funds	Account Groups			Memorandum Totals	
	General	Capital Projects	Enterprise	Agency	General Fixed Assets	General Long-term Debt		2003	2002
<b>Assets</b>									
Cash and cash equivalents	\$ 39,225	\$ 1	\$ 137,194	\$ 14,688	\$ -	\$ -	\$	191,108	\$ 295,393
Receivables (net of allowance for doubtful accounts)	28,728	39,301	107,219	-	-	-		175,248	119,215
Due from other funds	-	37,500	-	-	-	-		37,500	-
Restricted cash and cash equivalents	-	-	237,099	-	-	-		237,099	233,223
Property and equipment (net of accumulated depreciation)	-	-	2,068,714	-	2,584,139	-		4,652,853	4,598,101
Amount to be provided for retirement of long-term debt	-	-	-	-	-	82,729		82,729	117,914
<b>Total assets</b>	<b>\$ 67,953</b>	<b>\$ 76,802</b>	<b>\$ 2,550,226</b>	<b>\$ 14,688</b>	<b>\$ 2,584,139</b>	<b>\$ 82,729</b>	<b>\$</b>	<b>5,376,537</b>	<b>\$ 5,363,846</b>
<b>Liabilities and Fund Equity</b>									
<b>Liabilities:</b>									
Accounts and other payables	\$ 14,374	\$ 76,801	\$ 49,334	\$ 14,688	\$ -	\$ -	\$	155,197	\$ 81,418
Due to other funds	37,500	-	-	-	-	-		37,500	-
Payable from restricted assets:									
Revenue bonds payable	-	-	5,424	-	-	-		5,424	5,154
Customer deposits	-	-	101,544	-	-	-		101,544	95,460
Revenue bonds payable	-	-	387,384	-	-	-		387,384	392,807
Certificates of indebtedness	-	-	250,000	-	-	70,000		320,000	385,000
Capital lease	-	-	75,527	-	-	-		75,527	-
Compensated absences payable	-	-	30,271	-	-	12,729		43,000	53,336
<b>Total liabilities</b>	<b>51,874</b>	<b>76,801</b>	<b>899,484</b>	<b>14,688</b>	<b>-</b>	<b>82,729</b>	<b>-</b>	<b>1,125,576</b>	<b>1,013,175</b>
<b>Fund Equity:</b>									
Investment in general fixed assets	-	-	-	-	2,584,139	-		2,584,139	2,482,374
Contributed capital	-	-	1,556,880	-	-	-		1,556,880	1,556,880
Retained earnings:									
Reserved	-	-	130,131	-	-	-		130,131	132,609
Unreserved	-	-	(36,269)	-	-	-		(36,269)	83,296
Fund Balance:									
Unreserved	16,079	1	-	-	-	-		16,080	95,512
<b>Total fund equity</b>	<b>16,079</b>	<b>1</b>	<b>1,650,742</b>	<b>-</b>	<b>2,584,139</b>	<b>-</b>	<b>-</b>	<b>4,250,961</b>	<b>4,350,671</b>
<b>Total liabilities and fund equity</b>	<b>\$ 67,953</b>	<b>\$ 76,802</b>	<b>\$ 2,550,226</b>	<b>\$ 14,688</b>	<b>\$ 2,584,139</b>	<b>\$ 82,729</b>	<b>\$</b>	<b>5,376,537</b>	<b>\$ 5,363,846</b>

The accompanying notes are an integral part of the financial statements.

**TOWN OF BOYCE, LOUISIANA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**All Governmental Fund Types**  
**For the Year Ended May 31, 2003**  
**With Comparative Totals for the Year Ended May 31, 2002**

			<b>Memorandum Totals</b>	
	<b>General</b>	<b>Capital Projects</b>	<b>2003</b>	<b>2002</b>
<b>Revenues:</b>				
Taxes:				
Ad valorem	\$ 9,774	\$ -	\$ 9,774	\$ 10,430
Sales tax	215,003	-	215,003	220,620
Franchise	3,861	-	3,861	5,232
Licenses and permits:				
Occupational licenses	54,264	-	54,264	49,422
Charges for services:				
Garbage	72,838	-	72,838	70,122
Late fees	3,090	-	3,090	3,066
Intergovernmental:				
Federal grants	8,325	452,574	460,899	237,419
State and local grants	46,200	-	46,200	-
Tobacco tax	81	-	81	-
Beer tax	3,345	-	3,345	1,977
Fines	9,617	-	9,617	10,733
Miscellaneous:				
Interest	1,186	-	1,186	1,553
Land lease	12,480	-	12,480	12,480
Other	12,810	-	12,810	13,047
<b>Total revenues</b>	<b>452,874</b>	<b>452,574</b>	<b>905,448</b>	<b>636,101</b>
<b>Expenditures:</b>				
General government	205,440	-	205,440	99,291
Public safety	203,714	-	203,714	163,529
Streets and sanitation	158,093	-	158,093	140,522
Recreation	8,992	-	8,992	11,484
Capital projects	-	492,574	492,574	235,688
Debt service	35,525	-	35,525	37,475
<b>Total expenditures</b>	<b>611,764</b>	<b>492,574</b>	<b>1,104,338</b>	<b>687,989</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(158,890)</b>	<b>(40,000)</b>	<b>(198,890)</b>	<b>(51,888)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers out	(38,500)	(43)	(38,543)	(30,600)
Operating transfers in	118,001	40,000	158,001	113,465
<b>Total other financing sources (uses)</b>	<b>79,501</b>	<b>39,957</b>	<b>119,458</b>	<b>82,865</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other uses</b>	<b>(79,389)</b>	<b>(43)</b>	<b>(79,432)</b>	<b>30,977</b>
<b>Fund balance - beginning of year</b>	<b>95,468</b>	<b>44</b>	<b>95,512</b>	<b>64,535</b>
<b>Fund balance - end of year</b>	<b>\$ 16,079</b>	<b>\$ 1</b>	<b>\$ 16,080</b>	<b>\$ 95,512</b>

*The accompanying notes are an integral part of the financial statements.*

**TOWN OF BOYCE, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**General Fund**  
**For the Year Ended May 31, 2003**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>			
Taxes	\$ 228,000	\$ 228,638	\$ 638
License and permits	41,000	54,264	13,264
Charges for services	76,000	75,928	(72)
Intergovernmental	45,000	57,951	12,951
Fines	9,500	9,617	117
Miscellaneous	37,000	26,476	(10,524)
<b>Total revenues</b>	<u>436,500</u>	<u>452,874</u>	<u>16,374</u>
<b><u>Expenditures:</u></b>			
General government	218,180	205,440	12,740
Public safety	176,200	203,714	(27,514)
Recreation	27,000	8,992	18,008
Streets and sanitation	105,100	158,093	(52,993)
Debt service	37,000	35,525	1,475
<b>Total expenditures</b>	<u>563,480</u>	<u>611,764</u>	<u>(48,284)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(126,980)</u>	<u>(158,890)</u>	<u>(31,910)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers out	-	(38,500)	(38,500)
Operating transfers in	145,000	118,001	(26,999)
<b>Total other financing sources (uses)</b>	<u>145,000</u>	<u>79,501</u>	<u>(65,499)</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other uses</b>	18,020	(79,389)	(97,409)
<b>Fund balance - beginning of year</b>	<u>95,468</u>	<u>95,468</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 113,488</u>	<u>\$ 16,079</u>	<u>\$ (97,409)</u>

*The accompanying notes are an integral part of the financial statements.*

**TOWN OF BOYCE, LOUISIANA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN RETAINED EARNINGS**  
**Proprietary Fund Type**  
**For the Year Ended May 31, 2003**  
**With Comparative Totals for the Year Ended May 31, 2002**

	Enterprise Funds	
	2003	2002
<u>Operating revenues:</u>		
Charges for services	\$ 1,077,076	\$ 996,537
Delinquent charges	26,842	24,263
Other operating income	8,805	14,276
<b>Total operating revenues</b>	<b>1,112,723</b>	<b>1,035,076</b>
<u>Operating expenses:</u>		
Salaries - operating	130,813	132,157
Salaries - clerical	63,443	54,292
Maintenance supplies	26,286	23,093
Electricity purchased	470,165	423,839
Natural gas purchased	152,397	112,872
Truck expense	5,769	5,013
Water testing	974	593
Repairs	17,675	36,341
Legal and professional	17,512	50,612
Payroll taxes	15,254	13,850
Insurance	56,890	71,330
Depreciation	133,631	116,717
Other	32,798	39,235
<b>Total operating expenses</b>	<b>1,123,607</b>	<b>1,079,944</b>
<b>Operating income</b>	<b>(10,884)</b>	<b>(44,868)</b>
<u>Non-operating revenues (expenses):</u>		
Interest income	6,366	10,641
Interest expense	(35,567)	(35,532)
<b>Total non-operating revenues</b>	<b>(29,201)</b>	<b>(24,891)</b>
<b>Income (loss) before operating transfers</b>	<b>(40,085)</b>	<b>(69,759)</b>
<b>Operating transfers in (out)</b>	<b>(81,958)</b>	<b>(82,865)</b>
<b>Net income (loss)</b>	<b>(122,043)</b>	<b>(152,624)</b>
<b>Retained earnings - beginning of year</b>	<b>215,905</b>	<b>368,529</b>
<b>Retained earnings - end of year</b>	<b>\$ 93,862</b>	<b>\$ 215,905</b>

*The accompanying notes are an integral part of the financial statements.*



**TOWN OF BOYCE, LOUISIANA**  
**COMBINED STATEMENT OF CASH FLOWS**  
**Proprietary Fund Type**  
**For the Year Ended May 31, 2003**  
**With Comparative Totals for the Year Ended May 31, 2002**

	Enterprise Funds	
	2003	2002
<b><u>Cash flow from operating activities:</u></b>		
Operating income (loss)	\$ (10,884)	\$ (44,868)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	133,631	116,717
(Increase) decrease in accounts receivable	(11,594)	29,278
(Decrease) increase in accounts payable	(5,662)	(9,870)
(Decrease) increase in customer deposits	6,084	2,891
(Decrease) increase in other liabilities	(5,151)	5,660
<b>Net cash provided (used) by operating activities</b>	<b>106,424</b>	<b>99,808</b>
<b><u>Cash flows from non-capital financing activities:</u></b>		
Operating transfers in (out)	(81,958)	(82,865)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(81,958)</b>	<b>(82,865)</b>
<b><u>Cash flows from capital and related financing activities:</u></b>		
Acquisition of capital assets	(6,061)	(12,252)
Debt service - principal	(45,183)	(35,154)
Debt service - interest	(35,567)	(35,532)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(86,811)</b>	<b>(82,938)</b>
<b><u>Cash flows from investing activities:</u></b>		
Interest income	6,366	10,641
<b>Net cash provided (used) by investing activities</b>	<b>6,366</b>	<b>10,641</b>
<b>Net increase (decrease) in cash</b>	<b>(55,979)</b>	<b>(55,354)</b>
<b>Beginning cash balance</b>	<b>430,272</b>	<b>485,626</b>
<b>Ending cash balance</b>	<b>\$ 374,293</b>	<b>\$ 430,272</b>
<b>Cash, unrestricted</b>	<b>\$ 137,194</b>	<b>\$ 197,049</b>
<b>Cash, restricted</b>	<b>\$ 237,099</b>	<b>\$ 233,223</b>

**Supplemental disclosures of cash flow information:**

For the year ended May 31, 2003, the Town signed a capital lease in the amount of \$80,557 to acquired a bucket truck. No such transactions occurred during the year ended May 31, 2002.

*The accompanying notes are an integral part of the financial statements.*

**TOWN OF BOYCE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
*May 31, 2003*

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Basis of Presentation

The Town of Boyce (the Town) was incorporated under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Town provides various services including public safety (police and fire protection), streets and drainage, sanitation, public improvements, utility (gas, water, electricity, and sewerage) and general administrative services.

The accounting and reporting practices of the Town of Boyce, Louisiana, conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods.

The following is a summary of the more significant accounting policies.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes the Town of Boyce, Louisiana, is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Boyce, Louisiana, for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the municipality to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the above criteria, the Town of Boyce has no component units for the year ended May 31, 2003.

**TOWN OF BOYCE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
*May 31, 2003*

---

Fund Accounting

The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the Town:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

FIDUCIARY FUND

Agency Fund - The Agency Fund accounts for assets held by the Town as an agent for individuals, private organizations, other governments, and/or other funds. This fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The agency fund accounts for disbursement of the Town's payroll and related liabilities.

PROPRIETARY FUND

Enterprise Fund - The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The enterprise funds of the Town account for operations of a natural gas, electricity, water, and sewerage system.

ACCOUNT GROUPS

General Fixed Assets Account Group - This group of accounts is used to account for fixed assets of the Town other than those accounted for in the Proprietary Funds.

General Long-Term Debt Account Group - This group of accounts is used to account for long-term debt of the Town other than the debt accounted for in the Proprietary Funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**TOWN OF BOYCE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
*May 31, 2003*

---

All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of the Town and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Typically amounts that are expected to be collected within 60 days are amounts that are due under cost reimbursement arrangements are considered to be available.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt, which is recognized when due.

In both governmental and proprietary funds, inventories of supplies are considered immaterial and are not recorded.

The proprietary (enterprise) fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Utility revenues are billed on a cycle basis and are recognized in the month billed. Unbilled service receivables resulting from utility services rendered between cycle billing and the end of the month have been recognized in the accompanying financial statements.

The basis of accounting followed by proprietary funds is similar to accounting practices utilized by business enterprises. Due to these similarities, proprietary funds are allowed to follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before November 30, 1989.

**Budgets and Budgetary Practices**

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Town Clerk prepares a proposed budget for the general fund for the upcoming year and submits it to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of that year. This budget includes proposed expenditures and the means of financing them.
2. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, the date of a public hearing is published.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

**TOWN OF BOYCE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
*May 31, 2003*

---

4. After holding the public hearing and prior to the commencement of the new year, the budget is legally enacted through passage of an ordinance.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Mayor and Board of Aldermen. Such amendments were not material in relation to the original appropriations.

Cash and Cash Equivalents and Investments

Cash and cash equivalents includes amounts in demand deposits and time deposits with maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, money market deposits, or time and savings deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the Town may also invest in U.S. bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days. The Town had no investments at May 31, 2003.

Due To/From Other Funds

Amounts in each fund listed as due to/from are offset by corresponding entries in other funds. Funds shown as such are considered available for expenditure unless specifically restricted within the statements. Interfund receivables and payables are not eliminated in the preparation of combined financial statements.

Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and they are recorded as expenditures in the governmental fund types when purchased. The Town has elected to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements including roads, bridges, sidewalks and drainage improvements. No depreciation has been provided on general fixed assets. Fixed assets are valued at historical cost, including interest incurred during construction, unless they were donated in which case they are valued at fair market value at the date of donation. At May 31, 2003, there were no material amounts of donated assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

These two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund at historical cost including any interest incurred during construction. Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:



**TOWN OF BOYCE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
*May 31, 2003*

---

Water Utility and Sewerage System

Water Distribution System	25 years
Water Wells	25 years
Water Lines	50 years
Fire Hydrants	50 years
Pump, House and Fence	25 years
Meters	25 years

Lights Utility

Electric Distribution System	25 years
Trucks	4 years
Equipment	8 years
Transformers	25 years

Gas Utility

Distribution System	50 years
Meters	50 years
Building	33 years
Equipment	8 years
Trucks	5 years
Meter Taps/Gas Line Tie-Ins	50 years

Effective June 1, 1992, the Lights and Water Fund was separated into two funds. In conjunction with this separation, the water system assets and their related accumulated depreciation and contributed capital have been transferred to the Water Fund.

Also effective June 1, 1992, the sewerage activities of the Town were separated from the General Fund. Accordingly, there existed some sewer system assets in the General Fixed Assets Account Group at this separation date. Since these assets would be fully depreciated if they had been accounted for in an enterprise fund through June 1, 1992, they have not been transferred to the Sewer Fund. Improvements to the sewer system in the future will be recorded in the Sewer Fund.

Contributed Capital

In the Enterprise Funds, amounts contributed to the Town for acquisition or construction of fixed assets are recorded as contributed capital. Depreciation of these contributed capital assets is computed using the straight-line method over the estimated useful lives of the assets and is charged as a current period expense.

Statement of Cash Flows

The Town has adopted Government Auditing Standards Board Statement No. 9 "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." This statement requires entities to report a statement of cash flows as part of a full set of

**TOWN OF BOYCE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2003**

---

financial statements instead of reporting a statement of changes in financial position. For the purposes of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in bank and certificates of deposit.

For the year ended May 31, 2003, there were no material non-cash investing activities or capital and related financing activities.

Compensated Absences

Accumulated unpaid vacation and compensatory pay are accrued when incurred in Proprietary Funds (using the accrual basis of accounting). These amounts relating to the Governmental Funds have been presented in the General Long-Term Debt Group of accounts. At May 31, 2003, compensated absences for all funds and account groups combined totaled \$43,000.

Encumbrance Accounting

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Total Columns on Combined Statements - Overview

Total columns on the combined statements are captioned "Memorandum Totals" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However,

**TOWN OF BOYCE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
*May 31, 2003*

comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account based on historical information which would indicate the uncollectibility of a percentage of the particular receivable.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

At May 31, 2003, cash and cash equivalents totaled \$428,207 (Book Balance) and \$449,066 (Bank Balance). The composition of these accounts is as follows:

	Book Balance	Bank Balance
Demand Deposits -		
Non-Interest Bearing	\$ 16,494	\$ 27,607
Interest Bearing Checking and Certificates of Deposit	411,563	421,459
Petty Cash	150	-
<b>Total Cash</b>	<b>\$ 428,207</b>	<b>\$ 449,066</b>

Under state law, these deposits must be secured by Federal Deposit Insurance or the pledge of securities owned by the bank. The securities pledged are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. At May 31, 2003, all deposits with financial institutions were fully covered by federal deposit insurance and pledged securities. A detailed analysis of this coverage is as follows:

Total cash at May 31, 2003 (Bank Balance)	\$ 449,066
Less: FDIC coverage	(127,607)
Subtotal	321,459
Less: Securities pledged to Town but held in the name of the bank - (uncollateralized - GASB Category 3)	(894,558)
Excess of FDIC insurance and pledged securities	\$ (573,099)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the pledging bank has failed to pay deposited funds upon demand.



**TOWN OF BOYCE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
*May 31, 2003*

**NOTE 3 - REVENUE RECOGNITION - AD VALOREM TAXES**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended May 31, 2003, taxes of 5.89 mills totaling \$9,774 were levied on property and were dedicated to general corporate purposes. There were no material amounts of taxes receivable at May 31, 2003.

**NOTE 4 - RECEIVABLES**

The receivables at May 31, 2003, are as follows:

	General	Capital Projects	Enterprise	Total
Charges for services	\$ 7,910	\$ ----	\$ 114,003	\$ 121,913
Other	21,182	39,301	----	60,483
Less: allowance for uncollectibles	(364)	----	(6,784)	(7,148)
Totals	\$ 28,728	\$ 39,301	\$ 107,219	\$ 175,248

**NOTE 5 - GENERAL FIXED ASSETS**

A summary of changes in general fixed assets, at cost, follows:

	Balance May 31, 2002	Additions	Deletions	Balance May 31, 2003
Land	\$ 170,007	\$ ----	\$ ----	\$ 170,007
Buildings	555,786	89,390	----	645,176
Improvements	1,300,796	----	----	1,300,796
Equipment	244,418	9,301	----	253,719
Vehicles	211,367	3,074	----	214,441
	\$ 2,482,374	\$ 101,765	\$ ----	\$ 2,584,139

**NOTE 6 - PROPERTY AND EQUIPMENT**

A summary of the property and equipment in the Enterprise Funds at May 31, 2003, consists of the following:

	Gas	Lights	Water	Sewer	Combining Total
Land	\$ 3,127	\$ ----	\$ 9,210	\$ ----	\$ 12,337
Building	3,193	10,667	----	----	13,860
Distribution System	317,114	544,541	1,305,364	843,345	3,010,364
Equipment	50,697	38,667	25,198	4,956	119,518

**TOWN OF BOYCE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2003**

Vehicles	10,388	214,824	----	----	225,212
Water Wells	----	----	220,131	----	220,131
Subtotal	384,519	808,699	1,559,903	848,301	3,601,422
Less: Accumulated Depreciation	280,854	354,205	733,749	163,900	1,532,708
Net Property and Equipment	\$ 103,665	\$ 454,494	\$ 826,154	\$ 684,401	\$2,068,714

Depreciation expense for the year totaled \$133,631 with \$9,963 relating to the Natural Gas System Fund, \$36,647 relating to the Lights Fund, \$53,038 relating to the Water Fund, and \$33,983 relating to the Sewer Fund.

**NOTE 7 - LONG-TERM DEBT**

The Town's long-term debt is summarized as follows:

	Proprietary Fund	General Long-Term Debt	Total
Revenue bonds payable	\$ 392,808	\$ ----	\$ 392,808
Certificates of indebtedness	250,000	70,000	320,000
Capital lease	75,527	----	75,527
Compensated absences	30,271	12,729	43,000
Total	\$ 748,606	\$ 82,729	\$ 831,335

The following changes occurred in liabilities reported in the General Long-Term Debt Account Group during the year ended May 31, 2003:

	Payable At May 31, 2002	Additions	Deletions	Payable At May 31, 2003
Certificates of indebtedness	\$ 100,000	\$ ----	\$ 30,000	\$ 70,000
Compensated absences	17,914	----	5,185	12,729
Total	\$ 117,914	\$ ----	\$ 35,185	\$ 82,729

**Certificates of Indebtedness:**

The Town has issued certificates which are secured by and payable from a pledge of the excess of annual revenues above statutory, necessary and usual charges incurred by the Town. Certificates of indebtedness outstanding at May 31, 2003, are described as follows:

\$265,000 Certificates of Indebtedness, Series 1994 dated November 8, 1994, bearing interest at a rate of 6.5%. Principal is payable in annual installments ranging from \$20,000 to \$35,000, with the final installment due November 1, 2004.

\$ 70,000

\$375,000 Certificates of Indebtedness, Series 1998 dated December 2, 1998, bearing interest at a rate of 5.00%. Principal is payable in annual installments ranging from \$30,000 to \$50,000, with the final

**TOWN OF BOYCE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
*May 31, 2003*

installment due November 1, 2008.	250,000
-----------------------------------	---------

Total Certificates of Indebtedness	\$ 320,000
------------------------------------	------------

Revenue Bonds

The Town has issued revenue bonds that are secured by and payable solely from a pledge of funds generated by a specific revenue source. Revenue bonds outstanding at May 31, 2003, are described as follows:

\$428,100 Utilities Revenue Bonds Series 1994, dated March 14, 1995, with an effective rate of interest of 5.125% to maturity. The bonds mature serially on the 14th of each month in amounts ranging from \$291 to \$2,253. Final maturity is scheduled for March 14, 2034, unless the Town elects to redeem the bonds prior to maturity.	\$ 397,961
--	------------

Total Revenue Bonds	\$ 397,961
---------------------	------------

Capital Lease

The Town has acquired equipment by entering into a capital lease arrangement. For financial reporting purposes, minimum lease payments relating to leased equipment have been capitalized. The leased property is reported by the lights fund at its original cost. Capital lease obligations outstanding at May 31, 2003, are described as follows:

Lease agreement dated December, 2002 executed in exchange for a bucket truck, with an original balance of \$80,557, bearing interest at a rate of 5.680%, payable in 84 monthly installments of \$1,159.	\$ 75,527
--	-----------

Total Capital Lease	\$ 75,527
---------------------	-----------

Maturity of Long-Term Debt

A schedule of maturities of long-term debt is presented as follows:

Year Ended May 31 <sup>st</sup>	<u>Proprietary Fund Obligations</u>		<u>General Long-term Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 49,946	\$ 36,016	\$ 35,000	\$ 3,413
2005	55,848	33,241	35,000	1,138
2006	56,803	30,284	----	----
2007	57,816	27,270	----	----
2008	63,893	24,069	----	----
2009-2013	110,235	90,504	----	----
2014-2018	50,227	76,918	----	----
2019-2023	64,864	62,281	----	----

**TOWN OF BOYCE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
*May 31, 2003*

	<u>Proprietary Fund Obligations</u>		<u>General Long-term Debt</u>	
2024-2028	83,763	43,383	----	----
2029-2033	108,168	18,978	----	----
2034-2038	<u>16,772</u>	<u>326</u>	<u>----</u>	<u>----</u>
Total	<u>\$ 718,335</u>	<u>\$ 443,270</u>	<u>\$ 70,000</u>	<u>\$ 4,551</u>

**NOTE 8 - GAS CONTRACT**

The Town has a long-term contract for the purchase of natural gas with the Louisiana Municipal Natural Gas Purchasing and Distribution Authority. This contract renews every year. There are no minimum payments required under the contract except for amounts of actual delivery, with the rates being adjusted periodically.

**NOTE 9 - ELECTRICITY CONTRACT**

The Town has a contract with Central Louisiana Electric Company for the purchase of electricity. The contract automatically renews each year. There are no minimum payments required under the contract except amounts for actual delivery, and the rates are adjusted periodically.

**NOTE 10 - RISK MANAGEMENT**

Town of Boyce is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and participation in a public entity risk pool that operates as a common insurance program. Claims resulting from these risks have historically not exceeded insurance coverage.

**NOTE 11 - BOARD MEMBER SALARIES**

For the year ended May 31, 2003, the amounts of salaries and wages paid to the Mayor and Board of Aldermen were as follows:

Name	Position	Salary
Julius Patrick, Jr.	Mayor	\$ 7,500
Thomas Batts	Alderman	5,400
Haywood Joiner	Alderman	5,400
Donald Welch	Alderman	5,400
Kelvin McCoy	Alderman	5,400
Willie Mae Young	Alderman	5,400
Total		<u>\$ 34,500</u>

**TOWN OF BOYCE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
*May 31, 2003*

**NOTE 12 – CONTRIBUTED CAPITAL**

The following is a summary of changes in contributed capital:

	Natural Gas System	Lights	Water	Sewer	Total
Balance at May 31, 2002	\$ 5,700	\$ 77,855	\$ 763,519	\$ 709,806	\$ 1,556,880
Additions	----	----	----	----	----
Balance at May 31, 2003	\$ 5,700	\$ 77,855	\$ 763,519	\$ 709,806	\$ 1,556,880

**NOTE 13 – RESERVED FUND BALANCES AND RETAINED EARNINGS**

Reserves

Reserves represent those portions of governmental fund equity that are not subject to appropriation for expenditure or have been legally segregated for a specific future use. At May 31, 2003, there were no governmental fund balances restricted or segregated for any specific uses.

Restrictions on Retained Earnings

The Town has entered into revenue bond agreements that require funds to be held in restricted bank accounts. Funds on deposit in the restricted bank accounts can only be used under certain circumstances specified by the bond indenture.

The Town has also deposited money into accounts that are designated for refunding customer deposits.

Restricted assets and liabilities payable from these assets are summarized as follows:

	Bond <u>Indenture</u>	Meter <u>Deposits</u>	<u>Total</u>
Restricted assets	\$ 97,514	\$ 139,585	\$ 237,099
Liabilities payable from restricted assets	(5,424)	(101,544)	(106,968)
Restricted equity	\$ 92,090	\$ 38,041	\$ 130,131

**NOTE 14 – DEFICIT FUND BALANCES**

The Town has a deficit in unreserved retained earnings of \$317,266 in its water fund and of \$20,123 in its sewer fund. Management anticipates eliminating this deficit either through operations or by operating transfers from other funds.

**TOWN OF BOYCE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
*May 31, 2003*

**NOTE 15: FEDERAL FINANCIAL ASSISTANCE**

The Town was awarded funding for street improvements in the form of a Community Development Block Grant in 2002. Expenditures related to the project as of May 31, 2003, are summarized as follows:

	Cash Disbursed	Accounts Payable	Total
Local Match	\$ 2,500	\$ 37,500	\$ 40,000
Engineering	59,568	----	59,568
Construction	353,705	39,301	393,006
Total	\$ 415,773	\$ 76,801	\$ 492,574

The Town received federal financial assistance for additional police protection in the form of a local law enforcement block grant. During the year ended May 31, 2003, the Town expended \$8,325 under this program.

**NOTE 16: BUDGET VARIANCES**

**General Fund:**

The actual receipts plus projected revenue collections in the general fund met budgeted revenues. Actual expenditures plus projected expenditures in the general fund exceeded budgeted expenditures by more than the variances allowed by state law.

	Budget	Actual	(Favorable) Unfavorable Variance
Revenues and other sources	\$ 581,500	\$ 570,875	\$ 10,625
Expenditures and other uses	563,480	650,264	86,784
Net	\$ 18,020	\$ (79,389)	\$ 97,409



# ROZIER, HARRINGTON & McKAY

CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE  
ALEXANDRIA, LOUISIANA 71301

JOHN S. ROZIER, IV, C.P.A.  
M. DALE HARRINGTON, C.P.A.  
MARK S. MCKAY, C.P.A.  
LEE W. WILLIS, C.P.A.

STEVEN E. KIMBALL, C.P.A.

MAILING ADDRESS  
POST OFFICE BOX 12178  
ALEXANDRIA, LOUISIANA 71315-2178

TELEPHONE (318) 442-1608  
TELECOPIER (318) 487-2027

September 25, 2003

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Julius Patrick, Jr., Mayor  
And the Board of Alderman  
Town of Boyce, Louisiana

We have audited the financial statements of the Town of Boyce, Louisiana, as of and for the year ended May 31, 2003, and have issued our report thereon dated September 25, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Town of Boyce, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is material to the financial statements and is required to be reported under *Government Auditing Standards*. This finding has been reported in the Schedule of Findings and Questioned Costs as Finding No. 2003-01.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Boyce, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a

-Members-

American Institute of Certified Public Accountants • Society of Louisiana CPAs

condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Aldermen, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & MCKAY  
CERTIFIED PUBLIC ACCOUNTANTS



**ROZIER, HARRINGTON & MCKAY**  
CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE  
ALEXANDRIA, LOUISIANA 71301

JOHN S. ROZIER, IV, C.P.A.  
M. DALE HARRINGTON, C.P.A.  
MARK S. MCKAY, C.P.A.  
LEE W. WILLIS, C.P.A.  
STEVEN E. KIMBALL, C.P.A.

**MAILING ADDRESS**  
POST OFFICE BOX 12178  
ALEXANDRIA, LOUISIANA 71315-2178

TELEPHONE (318) 442-1608  
TELECOPIER (318) 487-2027

September 25, 2003

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Julius Patrick, Jr., Mayor  
and the Board of Aldermen  
Town of Boyce, Louisiana

**Compliance**

We have audited the compliance of the Town of Boyce, Louisiana with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended May 31, 2003. The Town of Boyce's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Boyce's management. Our responsibility is to express an opinion on the Town of Boyce's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Boyce's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Boyce's compliance with those requirements.

In our opinion, the Town of Boyce, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended May 31, 2003.

**-Members-**

**American Institute of Certified Public Accountants • Society of Louisiana CPAs**

### **Internal Control over Compliance**

The management of the Town of Boyce, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Boyce's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants what would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Aldermen, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON, & MCKAY  
CERTIFIED PUBLIC ACCOUNTANTS

**TOWN OF BOYCE, LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended May 31, 2003**

	Federal CFDA No.	Federal Expenditures
FEDERAL GRANTOR / Pass-through Grantor / Program Title		
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Pass-through the State of Louisiana, Division of Administration, Community Development Block Grant	14.228	\$ 452,574
DEPARTMENT OF JUSTICE		
Pass-through the Rapides Parish Sheriff's Office, State of Louisiana, Parish of Rapides, Local Law Enforcement Block Grant	16.592	8,325
TOTAL FEDERAL FUNDS EXPENDED		<u>\$ 460,899</u>

**Note:** The schedule of expenditures of federal awards was prepared in conformity with generally accepted accounting principles for governmental units. See the accompanying notes to financial statements for further details.

**TOWN OF BOYCE, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended May 31, 2003**

---

**PART I – SUMMARY OF AUDITORS' RESULTS:**

- The Independent Auditor's Report on the financial statements for the Town of Boyce as of May 31, 2003 and for the year then ended expressed an unqualified opinion.
- No reportable conditions were noted in the audit.
- The results of the audit disclosed one instance of noncompliance that is considered to be material to the financial statements of the Town of Boyce.
- The Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 expressed an unqualified opinion on compliance for major programs.
- The audit did not disclose any audit findings which are required to be reported under Section 510 of Circular A-133.
- Major programs for the year ended May 31, 2003, are presented as follows:

14.228 Community Development Block Grants/State's Program

- A threshold of \$300,000 was used for distinguishing between Type A and Type B programs for purposes of identifying major programs.
- The Town of Boyce was not considered to be a low risk auditee as defined by the OMB Circular A-133

**PART II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

**Finding No. 2003-01, Budget Variances – General Fund**

The Town adopted an amended budget for its general fund in accordance with state law; however, actual expenditures plus projected expenditures exceeded budgeted expenditures by more than the variance allowed by state law.

**PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:**

- Not applicable.

**TOWN OF BOYCE, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
For the Year Ended May 31, 2003**

<b>SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
<p><b><u>Finding No. 2003-01, Budget Variances General Fund</u></b> Actual expenditures plus projected expenditures in the general fund exceeded the variances allowed by state law.</p>	<p><b><u>Response</u></b> – Management will carefully monitor expenditures in future periods and make any necessary amendments in order to keep variances within the limits allowed by state law.</p>
<b>SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<p>There were no findings in connection with internal control and compliance material to federal awards.</p>	<p>Response - N/A.</p>
<b>SECTION III - MANAGEMENT LETTER</b>	
<p>There was no management letter issued with this report.</p>	<p>Response - N/A.</p>

**TOWN OF BOYCE, LOUISIANA**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**For the Year Ended May 31, 2003**

<b>SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
<p><b><u>Finding No. 2002-01, Budget Variances – General Fund</u></b></p> <p>The Town adopted an amended budget for its general fund in accordance with state law; however, actual receipts plus projected revenue collections failed to meet budgeted revenues by more than the variance allowable by state law. In addition, actual expenditures plus projected expenditures exceeded budgeted expenditures by more than the variance allowed by state law.</p>	<p><b><u>Unresolved:</u></b></p> <p>The Town has violated the provisions of the Local Government Budget Act in the current year. Actual receipts plus projected revenue collections failed to meet budgeted revenues by more than the variance allowed by state law. In addition, actual expenditures plus projected expenditures exceeded budgeted expenditures by more than the variance allowed by state law.</p>
<b>SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<p>There were no findings in connection with internal control and compliance material to federal awards in the prior year.</p>	<p>Response - N/A.</p>
<b>SECTION III - MANAGEMENT LETTER</b>	
<p>There was no management letter issued with the prior year report.</p>	<p>Response - N/A.</p>

**TOWN OF BOYCE, LOUISIANA**  
**SUPPLEMENTAL DATA**  
**FOR THE YEAR ENDED MAY 31, 2003**

**TOWN OF BOYCE, LOUISIANA**  
**GENERAL FUND**  
**Schedule of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Year Ended May 31, 2003**  
**With Comparative Totals for the Year Ended May 31, 2002**

	2003		Variance	2002
	Budget	Actual	Favorable (Unfavorable)	Actual
<b><u>General government:</u></b>				
Salary - mayor	\$ 7,500	\$ 7,500	\$ -	\$ 6,000
Salaries - aldermen	27,000	27,000	-	19,500
Salaries - office	6,630	5,618	1,012	5,053
Payroll Taxes	6,400	3,069	3,331	2,337
Telephone	7,000	9,393	(2,393)	7,138
Office Supplies	3,600	4,344	(744)	6,703
Advertising and printing	500	1,744	(1,244)	568
Dues	1,500	2,796	(1,296)	839
Accounting	4,200	4,428	(228)	2,508
Legal	1,500	1,155	345	2,394
Insurance	17,500	16,362	1,138	15,740
Miscellaneous	116,450	24,695	91,755	11,162
Travel and conventions	8,400	12,353	(3,953)	6,953
Capital outlay	10,000	84,983	(74,983)	12,396
<b>Total general government</b>	<b>218,180</b>	<b>205,440</b>	<b>12,740</b>	<b>99,291</b>
<b><u>Public safety:</u></b>				
Police:				
Salaries	122,000	130,615	(8,615)	101,306
Payroll taxes	-	9,992	(9,992)	7,750
Patrol car expenditures	7,900	10,893	(2,993)	6,781
Uniforms and training	2,000	2,461	(461)	2,134
Supplies and equipment	4,500	6,574	(2,074)	3,688
Telephone	8,600	8,245	355	7,222
Capital outlay	13,000	10,545	2,455	2,933
Police protection - RPSO	-	9,255	(9,255)	3,960
Miscellaneous	10,000	7,381	2,619	5,437
Fire protection:				
Truck gas, oil and maintenance	1,000	149	851	2,057
Telephone	800	471	329	1,036
Supplies & other	2,000	1,979	21	1,725
Insurance	2,100	1,876	224	1,999
Capital outlay	2,300	3,278	(978)	15,501
<b>Total public safety</b>	<b>176,200</b>	<b>203,714</b>	<b>(27,514)</b>	<b>163,529</b>
<b><u>Streets and sanitation:</u></b>				
Salaries	30,100	40,623	(10,523)	46,207
Payroll taxes	-	3,108	(3,108)	3,535
Truck and tractor maintenance	100	16,638	(16,538)	11,329
Street maintenance	12,700	15,160	(2,460)	21,295
Garbage collection	32,400	33,240	(840)	32,400
Supplies	2,800	5,389	(2,589)	5,170
Utilities	400	198	202	3,961
Capital outlay	26,600	43,737	(17,137)	16,625
<b>Total streets and sanitation</b>	<b>105,100</b>	<b>158,093</b>	<b>(52,993)</b>	<b>140,522</b>
<b><u>Recreation:</u></b>				
Other recreational expenses	27,000	8,992	18,008	11,484
<b>Total recreation</b>	<b>27,000</b>	<b>8,992</b>	<b>18,008</b>	<b>11,484</b>
<b>Debt service</b>	<b>37,000</b>	<b>35,525</b>	<b>1,475</b>	<b>37,475</b>
<b>Total expenditures</b>	<b>\$ 563,480</b>	<b>\$ 611,764</b>	<b>\$ (48,284)</b>	<b>\$ 452,301</b>



## **ENTERPRISE FUNDS**

Natural Gas Fund - To account for the natural gas services provided to the residents of the Town and certain adjacent areas. All activities necessary to provide such services are accounted for in this fund, including, but not limited to: administration, operations, maintenance, billing, and collection.

Lights Fund - To account for electricity services provided to the residents of the Town and certain adjacent areas. All activities necessary to provide such services are accounted for in this fund, including, but not limited to: administration, operations, maintenance, billing, and collection.

Water Fund - To account for water services provided to the residents of the Town and certain adjacent areas. All activities necessary to provide such services are accounted for in this fund, including, but not limited to: administration, operations, maintenance, billing, and collection.

Sewer Fund - To account for sewerage services provided to the residents of the Town and certain adjacent areas. All activities necessary to provide such services are accounted for in this fund, including, but not limited to: administration, operations, maintenance, billing, and collection.

**TOWN OF BOYCE, LOUISIANA**  
**ENTERPRISE FUNDS**  
**Combining Balance Sheet**  
**May 31, 2003**  
**With Comparative Totals for May 31, 2002**

	Lights	Natural Gas System	Water	Sewer	Memorandum Totals	
					2003	2002
<b><u>Assets</u></b>						
<b><u>Current assets:</u></b>						
Cash and cash equivalents	\$ 54,394	\$ 78,111	\$ 2,496	\$ 2,193	\$ 137,194	\$ 197,049
Receivables, net of allowance for doubtful accounts	70,363	13,463	12,957	10,436	107,219	95,625
<b>Total current assets</b>	<b>124,757</b>	<b>91,574</b>	<b>15,453</b>	<b>12,629</b>	<b>244,413</b>	<b>292,674</b>
<b><u>Restricted assets:</u></b>						
Cash and cash equivalents						
Meter deposits & restricted cash	69,617	49,718	-	20,250	139,585	138,910
Bond reserves	-	25,333	24,181	48,000	97,514	94,313
<b>Total restricted assets</b>	<b>69,617</b>	<b>75,051</b>	<b>24,181</b>	<b>68,250</b>	<b>237,099</b>	<b>233,223</b>
<b><u>Property and equipment:</u></b>						
Fixed assets net of acc. depreciation	454,494	103,665	826,154	684,401	2,068,714	2,115,727
<b>Total assets</b>	<b>\$ 648,868</b>	<b>\$ 270,290</b>	<b>\$ 865,788</b>	<b>\$ 765,280</b>	<b>\$ 2,550,226</b>	<b>\$ 2,641,624</b>
<b><u>Liabilities and fund equity</u></b>						
<b><u>Current liabilities:</u></b>						
Accounts payable	\$ 42,829	\$ 4,839	\$ 1,144	\$ 522	\$ 49,334	\$ 54,996
Compensated absences payable	8,310	8,310	6,826	6,825	30,271	35,422
<b>Total current liabilities</b>	<b>51,139</b>	<b>13,149</b>	<b>7,970</b>	<b>7,347</b>	<b>79,605</b>	<b>90,418</b>
<b><u>Liabilities payable from restricted assets:</u></b>						
Revenue bonds payable	-	-	5,424	-	5,424	5,154
Customer Meter Deposits	58,671	42,873	-	-	101,544	95,460
<b><u>Other liabilities:</u></b>						
Revenue bonds payable	-	-	387,384	-	387,384	392,807
Certificates of indebtedness	250,000	-	-	-	250,000	285,000
Capital lease	75,527	-	-	-	75,527	-
<b>Total liabilities</b>	<b>435,337</b>	<b>56,022</b>	<b>400,778</b>	<b>7,347</b>	<b>899,484</b>	<b>868,839</b>
<b><u>Fund equity:</u></b>						
Contributed Capital	77,855	5,700	763,519	709,806	1,556,880	1,556,880
Retained earnings:						
Unreserved	124,730	176,390	(317,266)	(20,123)	(36,269)	83,296
Reserved	10,946	32,178	18,757	68,250	130,131	132,609
<b>Total fund equity</b>	<b>213,531</b>	<b>214,268</b>	<b>465,010</b>	<b>757,933</b>	<b>1,650,742</b>	<b>1,772,785</b>
<b>Total liabilities and fund equity</b>	<b>\$ 648,868</b>	<b>\$ 270,290</b>	<b>\$ 865,788</b>	<b>\$ 765,280</b>	<b>\$ 2,550,226</b>	<b>\$ 2,641,624</b>

**TOWN OF BOYCE, LOUISIANA**  
**ENTERPRISE FUNDS**  
Combining Statement of Revenues , Expenditures, and Changes in Retained Earnings  
For the Year Ended May 31, 2003  
With Comparative Totals for May 31, 2002

	Lights	Natural Gas System	Water	Sewer	Memorandum Total	
					2003	2002
<b><u>Operating revenues:</u></b>						
Charges for services	\$ 572,006	\$ 288,419	\$ 119,221	\$ 97,430	\$ 1,077,076	\$ 996,537
Delinquent charges	13,601	6,293	4,244	2,704	26,842	24,263
Other operating revenues	7,230	90	1,307	178	8,805	14,276
<b>Total operating revenues</b>	<b>592,837</b>	<b>294,802</b>	<b>124,772</b>	<b>100,312</b>	<b>1,112,723</b>	<b>1,035,076</b>
<b><u>Operating expenses:</u></b>						
Salaries - operating	36,923	36,923	28,221	28,746	130,813	132,157
Salaries - clerical	15,861	15,860	15,861	15,861	63,443	54,292
Maintenance supplies	13,731	2,338	2,564	7,653	26,286	23,093
Electricity purchased	456,991	107	10,191	2,876	470,165	423,839
Natural gas purchased	-	152,397	-	-	152,397	112,872
Truck expense	4,480	1,289	-	-	5,769	5,013
Water testing	-	-	974	-	974	593
Repairs	4,228	5,265	5,385	2,797	17,675	36,341
Legal and professional	4,228	4,963	4,228	4,093	17,512	50,612
Payroll taxes	4,130	4,130	3,476	3,518	15,254	13,850
Insurance	17,323	14,194	14,194	11,179	56,890	71,330
Depreciation	36,647	9,963	53,038	33,983	133,631	116,717
Other	10,225	8,939	7,523	6,111	32,798	39,235
<b>Total operating expenses</b>	<b>604,767</b>	<b>256,368</b>	<b>145,655</b>	<b>116,817</b>	<b>1,123,607</b>	<b>1,079,944</b>
<b>Operating income (loss)</b>	<b>(11,930)</b>	<b>38,434</b>	<b>(20,883)</b>	<b>(16,505)</b>	<b>(10,884)</b>	<b>(44,868)</b>
<b><u>Non-operating revenues (expenses):</u></b>						
Interest income	2,078	2,641	431	1,216	6,366	10,641
Interest expense	(15,291)	-	(20,276)	-	(35,567)	(35,532)
<b>Total non-operating revenues</b>	<b>(13,213)</b>	<b>2,641</b>	<b>(19,845)</b>	<b>1,216</b>	<b>(29,201)</b>	<b>(24,891)</b>
<b>Income (loss) before operating transfers</b>	<b>(25,143)</b>	<b>41,075</b>	<b>(40,728)</b>	<b>(15,289)</b>	<b>(40,085)</b>	<b>(69,759)</b>
<b><u>Operating transfers in (out):</u></b>						
Operating transfers out	(105,779)	(83,367)	(13,002)	(17,510)	(219,658)	(167,465)
Operating transfers in	97,700	29,150	8,450	2,400	137,700	84,606
<b>Total transfers in (out)</b>	<b>(8,079)</b>	<b>(54,217)</b>	<b>(4,552)</b>	<b>(15,110)</b>	<b>(81,958)</b>	<b>(82,865)</b>
<b>Net income (loss)</b>	<b>(33,222)</b>	<b>(13,142)</b>	<b>(45,280)</b>	<b>(30,399)</b>	<b>(122,043)</b>	<b>(152,624)</b>
<b>Retained earnings, beginning of year</b>	<b>168,898</b>	<b>221,710</b>	<b>(253,229)</b>	<b>78,526</b>	<b>215,905</b>	<b>368,525</b>
<b>Retained earnings, end of year</b>	<b>\$ 135,676</b>	<b>\$ 208,568</b>	<b>\$ (298,509)</b>	<b>\$ 48,127</b>	<b>\$ 93,862</b>	<b>\$ 215,905</b>